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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 18, 2008

Mr. Tim Mosely
Basin Perlite Company
1400 16TH Street, Suite 200
Denver, CO 80202

Subject: Escalation of Reclamation Surety to the Year 2013, Basin Perlite Company, Pearl Queen Perlite Mine, M0010027, Beaver County, Utah

Dear Mr. Mosely:

The Division has escalated the obligated surety amount of \$66,382.00 in 2007 dollars, to the year 2013. The escalation rate is 3.8%, resulting in a surety requirement of \$80,000.00. This increased amount is based on escalation only.

Please contact surety coordinator, Mr. Jed Pearson, 801-538-5382, for instructions on how to submit this increased amount of \$13,618.00. ***In addition, a new reclamation contract will be required.***

This increased surety amount and new reclamation contract is due by June 6, 2008.

Furthermore, the Notice of Intention to Conduct Mining Operations does require modification and changes to the surety calculation to reflect the required bond amount of \$66,382.00. The 2003 NOI surety obligation is \$133,200.00. Please contact the Division to arrange a meeting to identify the requirements and update the NOI.

If you have any questions concerning this letter, please contact me at (801) 538-5258.

Sincerely,

Susan M. White
Mining Coordinator
Minerals Regulatory Program

SMW:BE:pb

cc: Jed Pearson DOGM

Tom Munson OGM

Beth Ericksen OGM

BLM - Opie Abeyta

USFS (Beaver county) 1789 N Wedgewood Ln, Cedar City UT

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